

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01

COME-00 DODE-00 EB-07 FPC-01 H-01 INR-07 INT-05 L-02

NSAE-00 NSC-05 OMB-01 PM-03 SAM-01 OES-03 SP-02 SS-15

STR-01 TRSE-00 FRB-03 FEA-01 PA-01 PRS-01 USIA-06

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R 211535Z FEB 75

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 9418

INFO AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY PANAMA

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

AMEMBASSY CARACAS

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GUATEMALA ALSO FOR ROCAP

E.O. 11652: N/A

TAGS: EFIN, CS

SUBJECT: VENEZUELA OIL SCHEME

REF: A) STATE 031596; B) SAN JOSE 0505 (NOTAL)

1. IN RESPONSE TO REFTTEL, THE EMBASSY CHECKED WITH THE ACCOUNTING DIRECTOR OF THE CENTRAL BANK WHO WILL BE HANDLING THE VENEZUELAN OIL FUND IN CBHTA RICA. THE DIRECTOR STATED THAT IN GENERAL THE SCHEME WILL OPERATE IN THE MANNER DESCRIBED IN REFTTEL (A); HOWEVER, THE CENTRAL BANK HAS APPARENTLY SEEN NOTHING BUT THE GENERAL AGREEMENT AND WILL NOT BE AWARE OF THE EXACT MECHANICS OF THE FUND UNTIL A LIMITED OFFICIAL USE

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VENEZUELAN TEAM BRINGS THEM A COPY OF THE REGULATIONS. THE

VENEZUELAN TEAM IS EXPECTED TO VISIT COSTA RICA DURING THE FIRST WEEK OF MARCH. PRESUMABLY IT IS AT THIS TIME THAT THE FUND WILL BE SET UP SINCE IT IS NOT IN EXISTENCE SO FAR.

2. IN ANSWER TO THE DEPARTMENT'S QUESTIONS THE DIRECTOR STATED THAT HE DOES NOT KNOW IF AN ACTUAL TRANSFER OF FUNDS WILL OCCUR ALTHOUGH THIS IS A POINT THAT THE VENEZUELAN TEAM WILL CLARIFY. HE BELIEVES THAT THE FUNDS DEPOSITED AGAINST TMH SIX-YEAR CD'S CANNOT BE UTILIZED BY THE GOCR. HE STATED THAT THE 8 PERCENT INTEREST TO BE PAID ON THEM COULD BE REVISED DOWNWARD IF INTERNATIONAL INTEREST

RATES DECLINE IN THE FUTURE.

3. EMBASSY COMMENT: EMBASSY WILL SEEK FURTHER CLARIFICATION OF SCHEME AS MORE INFORMATION BECOMES AVAILABLE LOCALLY. AS WE SEE IT, IT APPEARS AS IF A REAL OUTFLOW WILL OCCUR IN THE INITIAL STATE WHEN IT STATE REFINERY PAYS FOR CRUDE OIL IMPORTS BUT THAT A CORRESPONDING REAL INFLOW WILL NOT OCCUR UNTIL THE FUNDS ARE LOANED FOR AGREED PROJECTS. IN COSTA RICA'S CASE THIS WILL HAPPEN QUICKLY BECAUSE THE FUNDS WILL

BE DRAWN DOWN TO PAY THE LOCAL COSTS OF APPROVED INTERNATIONAL PROJECTS, A TYPE OF TRANSACTION WHICH WILL NOT BE SUBJECT TO VETO WE UNDERSTAND.

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Message Attributes

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